

FAEC MEETING MINUTES

Date: August 31, 2004, 10:30 a.m.
Location: IG Academy
1735 N. Lynn St; Suite 100
Arlington, VA

1. ***Everett Mosley's and Others' Retirement:*** Everett Mosley retired from PCIE Audit Committee and from government service. Dennis Duquette retired from HHS OIG, Micheal Sears retired from Commerce OIG. Their replacements are Joe Vengrin and Ed Blansitt, respectively.
2. ***Sarbanes-Oxley and A-123:*** Elliot Lewis has volunteered to be the chairman of the Audit Committee. He is the only IG person in the group, among primarily CFOs and agency representatives. There is an outline of what they want to do to the Circular, so far it is strictly talk of agency requirements for assessing controls and issuing an assessment statement. There is no talk of audit requirements yet. Lewis will be assisting on the "how to" part of the assessment for the agencies and providing advice.
3. ***FAEC Committee Updates:***
 - a. Bruce Crandlemire asked for more volunteers for the committees.
 - b. Single Audit Project Update by Helew Lew: Helen spoke in front of the FAEC group in Philadelphia two years ago, and much progress has been made since then. They pulled a sample of 208 audits, broke them into 2 strata for \$50 million or more (96 total), of \$500,000 to \$50 million (112 total). There will be both volunteers and contractors helping with the QCRs. Fifteen agencies are involved, as well as 2 state auditors (Virginia and Georgia). The federal and state auditors will do slightly less than half of the QCRs, the remainder will be done by contractors. They are currently going through bids from the contractors, and will award no later than 9/30/04. They used GSA schedule in their request for bids. Ten firms bid on 8 packages which ranged from 12-17 QCRs each. They will be offering 3-day training on conducting QCRs in October, the 13-15th. The training will be provided to the federal and state staff as well as contractors participating. There will also be limited space available across the country in the DOEd regional offices Boston, NY, Philadelphia, Atlanta, Kansas City, Dallas, Denver, San Francisco, and Seattle. It's very important to send people to the training; it will be critical they all use the same methodology and start from the same baseline. The goal is to complete all the QCRs by October 2005 with a report issued May 2006.
 - c. Financial statements: FS audit network meets the 3rd Tues of every month. Last meeting some issues were brought out by OMB and GAO. The year end memo from OMB provided milestones for the FS audits and incorporated agreed-upon procedures from OMB due on October 1st. The PCIE and GAO came out with 2 revisions to the financial audit manual, including SAS 99 and the FAM checklist. Two other working groups are trying to come up with an audit program that everyone can use, as well as

a pro forma statement of work for contractors. Both should soon be coming out for comment. He also noted that FISMA significant deficiencies must be reported as material weaknesses in FMFIA reporting. Now OMB is much more specific in requiring that.

4. **PCIE/GAO Roundtable (Crandlemire):** In June, the PCIE Audit committee ran a roundtable. The idea came out of a comment from GAO that GAO wanted to talk about the IGs work and problems GAO had seen with GMRA. This roundtable will be held bi-annually. Presentations from the roundtable were published in the JFMIP newsletter. Jack Higgins and Helen Lew will be setting up the next one.
5. **FISMA (Sharon Smith):** The final guidance came out, copies will be sent out today via email to all who were on the committee. The final guidance has changed from the draft to include additional clarification on how deficiencies are reported. There is more work involved in the charts; more information being accumulated from the IGs and the agencies. There are also some questions on security configuration management that were not there in the past. The guidance will come out to all the members of the security committee soon.
6. **SAS 70 Audits (Bob Seabrooks, SBA):** Bob mentioned concerns on getting access to SAS 70 audits done by contract organizations. The group discussed ways to facilitate access to information on contractor audits that can be used to support FISMA work.
7. **Human Resources committee:** no chair, if interested, please contact Bruce Crandlemire.
8. **Peer Review Guide** – completed. Should be out very soon, after going through one final check. The schedule is completed and will be coordinated with investigations to ensure there is no overlap. When completed it will be posted on the FAEC website.
9. **Charter** – some proposed charters were sent to the Bruce Crandlemire, but none appear to be finalized. The group will receive a proposed final charter at the next meeting to consider.
10. **Website** – Bob Seabrooks will be the contact person for website updates. Any comments on existing information or suggested new content should flow through him to the contractor responsible for maintaining the site.
11. **Cross cutting programs (Bruce Crandlemire):** He discussed the growth of cross cutting interagency programs like the President’s Emergency Plan for AIDS Relief (PEPFAR). This kinds of programs will bring a lot of 632A and B transfers between agencies. In the case of PEPFAR, USAID/OIG initiated a MOU with the other PEPFAR agencies to facilitate oversight. IGs should become familiar with the interagency programs their agency is involved with either providing funds to or receiving funds from through 632 A/B transfers, and how the oversight of those transfers works.
12. **Discussion:** SSA representative mentioned a need for leveraging in the IG community to affect change on issues that impacts more than one agency. SSA is often limited by what the other agencies do - their commissioner has tasked the SSA IG with finding out how they can get the other departments to make changes. He mentioned the particular problem with getting other agencies to correct/update

their name/SS# information. SSA identifies irregularities, but has a hard time getting other agencies to go back and correct the information. Helen Lew suggested the possibility of sharing work plans. The group had a lively discussion on the topic, leading to a general consensus that in the absence of any formal mechanism, personal contact between IGs was the most effective way to resolve the issue. The group said they could revisit the subject in the future.